Marketers hope for life after 55

By SUSIE YANAGI

Los Angeles—American businesses hope to respond to the graying of the U.S. with an array of new products aimed at the one out of five Americans who is older than 55.

That point was made at a recent seminar sponsored by the University of Southern California's Business Institute on Aging. At the seminar, executives from Mattel Toys, Ramada Hotel Group, Bank-America Corp., Carl Karcher Enterprises, Colonial Penn and Mature Outlook shared new-product plans and offered their ideas on marketing to older consumers.

Thomas Hatch, Mattel's vp-new business and product development, discussed Mattel's hopes to develop entertainment products for the over-55 set (AA, May 14).

Mr. Hatch said Mattel will not try to find new uses for existing items. He said the company is particularly interested in products associated with gardening, home upkeep and crafts. Mattel also is considering games incorporating reading and remembering.

For would-be maturity marketers, the important thing to recognize is that persons over 55 do not change their buying habits easily, noted Mr. Hatch. A person who has been buying an antacid product for 22 years, he said, is so set in his ways he often displays an almost "catatonic reach" in the store. "For a major manufacturer to come along and say 'Now we've got an antacid designed for you because you're 56,' it's got a tough road ahead," he said.

Other participants shared their insights. "The senior citizen has a large amount of discretionary money and time," commented Gail Brewer, director-specialty markets, Ramada Hotel Group.

To meet the needs of the older traveler, Ramada has developed training programs for employes that teach, for instance, how to recognize someone with a hearing loss and communicate with him.

Bank of America has developed oversize checks with larger print. It also offers check-guarantee cards, making it easier to cash checks.

Fast-food marketer Carl Karcher Enterprises plans to charbroil rather than fry more of its menu items at its Carl's Jr. restaurants, to meet the nutritional needs of the older market.#

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Ad budgets workshop topic

New York—An insignificant advertising budget doesn't have to mean insignificant advertising.

At the Advertising Age Creative Workshop here Aug. 19 to 22, two sessions will address how to create effective commercials on a limited budget.

Richard Hall, vp at Griner/-Cuesta & Associates, maintains that many people do not know how to spend their production dollars effectively. The problem is compounded because no one wants to discuss cost.

In his session, "Why Do Television Commercials Cost So Much?" he will outline the steps that set realistic goals and lead to the successful production of commercials.

According to Mr. Hall, an agency often begins the creative process before a production budget is firmly established. This leads to inflated expectations on the part of the client.

A clear understanding of budget limits must be communicated from client to agency to production house in order to avoid wasted time and diminished agency credibility.

His session will cover what to look for when shopping for a production house and the different approaches to television production, depending on budget—including use of free-lance producers.

The case history of a low-budget, high-return radio campaign will be explored in "The Girl with the Molson Golden Laugh," led by William R. Hamilton and Lila M. Sternglass, both senior vps-creative directors, Kumrill-Hoyt Inc. They will detail the development of the successful Molson Golden ale campaign—a series of radio spots constructed around witty dialog.

Despite a modest budget, the radio campaign greatly increased sales and brand awareness, rocketing the Canadian beer from relative obscurity to a strong No. 2 position among all U.S. imports. Mr. Hamilton and Ms. Sternglass will reveal their marketing objectives and outline the creative process that led to the effective spots.

For information about these and other sessions, write to: Advertising Age Creative Workshop, 220 E. 42nd St., New York 10017, or phone toll free: 1-800-233-3435. In New York state, phone: (212) 210-0296. Telex: 64-0207.#

U.S. advertising volume

The double-digit gains advertising volume made during 1983 came on the recovering strength of the U.S. economy. *Source: Prepared for Advertising Age by Robert J. Coen, McCann-Erickson.*

Medium	1983 $ millions	% of total	1982 $ millions	% of total	Per cent change
Newspapers					
National	2,734	3.6	2,452	3.7	+11.5
Local	17,848	23.5	15,242	22.9	+17.1
Total	20,582	27.1	17,694	26.6	+16.3
Magazines					
Weeklies	1,917	2.5	1,659	2.5	+15.5
Women's	1,056	1.4	904	1.4	+16.8
Monthlies	1,260	1.7	1,147	1.7	+9.9
Total	4,233	5.6	3,710	5.6	+14.1
Farm publications	163	0.2	148	0.2	+10.0
Television					
Network	7,017	9.3	6,210	9.3	+13.0
Spot	4,796	6.3	4,360	6.6	+10.0
Local	4,323	5.7	3,759	5.6	+15.0
Total	16,136	21.3	14,329	21.5	+12.6
Radio					
Network	296	0.4	255	0.4	+16.6
Spot	1,038	1.4	923	1.4	+12.5
Local	3,876	5.1	3,492	5.2	+11.1
Total	5,210	6.9	4,670	7.0	+11.6
Direct mail	11,795	15.6	10,319	15.5	+14.3
Business papers	1,990	2.6	1,876	2.8	+6.0
Outdoor					
National	512	0.7	465	0.7	+10.0
Local	282	0.4	256	0.4	+10.0
Total	794	1.1	721	1.1	+10.0
Miscellaneous					
National	7,951	10.5	7,067	10.6	+12.5
Local	6,996	9.1	6,046	9.1	+15.7
Total	14,947	19.6	13,113	19.7	+14.0
Total					
National	42,525	56.1	37,785	56.8	+12.5
Local	33,325	43.9	28,795	43.2	+15.7
Grand total	75,850	100.0	66,580	100.0	+13.9

This advertising volume chart is a corrected version of a chart that appeared on Page 63 in the May 14 issue of Advertising Age.

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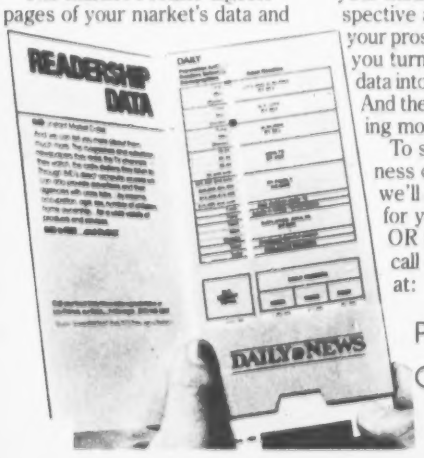

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Liggett & Myers generic cigarets using fair logo

Durham, N.C.—Liggett & Myers has placed an official logo of the Louisiana World Exposition on its generic cigarets to tie in with the fair.

Gold Seal cigarets will be promoted as the official cigarets of the World's Fair, according to Roy Jorstad, national sales manager for private label and generics at L&M's sister company, Gary Tobacco Co. Bloom Agency, Dallas, handles the print campaign.#

Several shops off to fast '84 start

By STEWART ALTER

The upturn in the economy that began last year suggested that ad agency financial results would be on the rebound in 1984. In fact, the first-quarter financial results for the public ad agencies have been even stronger than anticipated.

Results were "very favorable, better than I expected in most cases," said Jerry Levine, vp, Merrill Lynch, Pierce, Fenner & Smith.

Dean Witter Reynolds vp Fred Anschel said, "Generally speaking, I think the results were better than expected, with some exceptions, among them being Doyle Dane Bernbach," he said. "This year is really shaping up as an outstanding one for the industry and for most major public agencies. The problem that arises at a time like this is to make sure you don't get carried away."

Gains in new business last year by Interpublic Group of Cos., Ogilvy & Mather, JWT Group and BBDO International helped those agencies to strong first quarters, just as the lack of it hurt Doyle Dane Bernbach International. Noting that the first quarter is not as important in generating earnings as the second and fourth quarters, Mr. Anschel said it still was good that some of the shops had "a nice leg up for this year."

As the accompanying chart indicates, BBDO, Foote, Cone & Belding, Grey Advertising and Mickelberry Corp. all registered revenue gains of about 25%, with O&M and JWT reporting 17% higher revenues in the first quarter of 1984, compared with the same period in 1983.

DDB showed a small revenue increase (6%), though net income rose 15%. Ally & Gargano, for whom the first quarter of 1984 is its third fiscal quarter, saw a drop in revenue and a loss in earnings.

Saatchi & Saatchi Compton Worldwide, not listed in the chart because it doesn't break down quarterly figures, showed results in line with most of the other public ad agencies. For the six months ended March 31, 1984, the agency reported a 38.9% hike in revenues to $86.6 million and a 117.5% boost in net earnings.#

Agency first-quarter results

Financial results indicate that 1984 should be an outstanding one for most agencies. Notes: For Ally, January through March is third quarter; for all other agencies, it's the first. Lorimar/K&E fiscal quarter ends in late April; its figures have not been released yet. Saatchi has only half-year figures, October through March; no quarterly breakout is available. NM notes not meaningful. Source: Advertising Age.

Agency	Income $000 1983	1984	%	Revenues $000 1983	1984	%
Ally	312	(160)	NA	32,537	28,162	− 13
BBDO	3,736	5,172	+ 38	57,756	71,861	+ 24
DDB	1,140	1,310	+ 15	44,125	46,672	+ 6
FCB	341	1,969	+477	45,836	58,100	+ 27
Grey	634	1,014	+ 60	31,762	40,371	+ 27
Interpublic	1,603	4,844	+202	131,179	146,410	+ 12
Mickelberry	512	801	+ 56	21,343	27,069	+ 27
O&M	2,202	3,127	+ 42	81,097	95,180	+ 17
JWT	1,060	3,754	+254	102,909	120,795	+ 17

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Affiliates

(Continued from Page 10)

after the session, virtually all seemed enthused about the prime time ratings prospects and pleased with the promos.

In other convention news:

- Mr. Sohmer delivered a heartfelt appeal for the holdout daytime affiliates to come through this summer. Citing the daytime ratings turnaround, he said, "We've earned better clearances, and we deserved [them]." With a full lineup of stations he said, "We'd be ahead of ABC and could be thinking about catching CBS."
- Raymond Timothy, NBC group exec vp, said, "We are taking steps to protect your franchise, not only with aggressive daytime plans, but with a prime time programing budget of $1 billion-plus." The programing includes not only series, but also 44 tv movies and 12 miniseries.
- In news, NBC is taking delivery on "millions of dollars worth of computer-graphics devices" for improving NBC News' on-air illustration of stories. One affiliate executive grumbled, "They should have done that years ago."
- Sports ratings in general are down at all three networks, NBC Sports president Arthur Watson told affiliates. "This is a stark reality, due to the fragmentation of audiences and overexposure," he said. On the positive side, NBC's baseball ratings are on the rise and the National Football League schedule shapes up "as our best in years," Mr. Watson said.
- The first series to come from the news division's aggressive new program development will be "Summer Sundays USA," said NBC president Larry Grossman. The program is due July 1 at 7 p.m. (ET) opposite CBS-TV's "60 Minutes" as a live 11-week show.#

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$1.25 a copy; $52 a year — *The International Newspaper of Marketing* — *Thursday, May 31, 1984*

Battles for the buck

Summer fun found in the marketplace

An Advertising Age roundup

It's Indiana Jones against the Gremlins, Coca-Cola versus Pepsi, even Trailways on the road with Greyhound. There'll be no summer doldrums as competition heats up from coast to coast in virtually every segment of the American consumer market.

With reports from bureaus across the country, ADVERTISING AGE here profiles some of the hottest battles for the buck that are occurring or are likely to occur this summer. New products, spinoffs, tie-ins and other promotions promise to keep consumers busy, whether in the movie theater or at the supermarket.

Screen wars: Steven Spielberg and George Lucas again expect to set a blistering **movie** box office pace. Mr. Spielberg is behind "Gremlins," via Warner Bros., while he and Mr. Lucas teamed for "Indiana Jones and the Temple of Doom," the Paramount Pictures sequel to "Raiders of the Lost Ark" (a summer hit of two years ago).

"Gremlins" opens next week, with related products to follow among 40 or more licensees, from toys to apparel.

In addition, Procter & Gamble Co., Scott Paper, Ray-O-Vac, Hardee's and nearly 20 other marketers will spend a combined $20 million on "Gremlins" tie-ins (AA, April 16, *et seq.*).

LJN Toys has licensed toy rights to characters from "Indiana Jones" *and* "Gremlins." P&G, besides its premium tie with "Gremlins," also will link up with "Indiana Jones" and "The Muppets Take Manhattan" (AA, April 30).

Here comes the sunscreen: Although Coppertone remains the undisputed leader in the $230 million **suncare products** market, a fight is shaping up for second place. Until the end of last year, Daytona Beach, Fla.-based Tanning Research Lab's Hawaiian Tropic had a clear claim to No. 2. If sales in all retail outlets are considered, Hawaiian Tropic is still ranked as the second-largest selling brand.

But nipping at its heels is Charles of the Ritz Group's Bain de Soleil. Sold mostly in

(Continued on Page 53)

Wine coolers

Suntan products

Beer

Bus lines

Ogilvy, Scali ring up Seagram V.O., Izod

By GAY JERVEY and NANCY GIGES

NEW YORK—Ogilvy & Mather and its subsidiary, Scali, McCabe, Sloves, have picked up $16 million in new business, with O&M adding the more than $8 million Seagram V.O. Canadian whisky account and Scali winning one of equal size, Izod/LaCoste sportswear.

Scali's selection ended a review that included 10 agencies. Izod/LaCoste, the General Mills sportswear division that has elevated the alligator to the pinnacle of preppydom, had been handled by Grey Advertising.

In awarding O&M's New York office its V.O. account, Seagram Distillers separated the brand from Warwick Advertising, which gained it in 1957 when the agency was then known as Warwick & Legler. Warwick & Legler was founded in 1939 with Seagram as a charter client.

Philip Beekman, president of Joseph E. Seagram & Sons, said the assignment was "consistent with our belief that our larger competitive whiskies might better be handled by other agencies—Seagram 7 Crown by Warwick, and V.O. by Ogilvy & Mather."

However, the switch culminates many months of courting by O&M at Seagram's Park Avenue headquarters. As a Seagram agency worldwide, O&M long has craved a domestic brand, sources said.

Warwick, however, is by no means out in the cold. In addition to such assignments as Seagram's 7 Crown, Crown Royal, Glenlivet scotch and Boodles gin, Warwick is awaiting a "major assignment" from Seagram in the fast-growing wine category.

Seagram's V.O. has been under mounting competitive pressure of late. In 1983, V.O.—which last year dropped its proof level from the standard Canadian 86 to 80, but not its price—slipped both in ranking and sales. According to figures compiled by industry analyst John C. Maxwell Jr., the brand fell from the fifth-best-selling distilled spirit to seventh, with sales declining 8.2% from 3.8 million to 3.5-million case depletions.

Indeed, V.O.'s change comes at a time when sales of most darker distilled spirits have sagged, mainly due to changing drinking habits. Furthermore, the pure Canadian imports have been feeling the heat from such Canadian bulk whiskies (those bottled in America) as Windsor Supreme (ranked No. 8) and Canadian Mist (No. 5), which offer consumers a less expensive alternative to the North Country taste.

National Distillers' Windsor Supreme has been the sharpest thorn in V.O.'s side. The company has been running a comparative campaign claiming Windsor's taste superiority over V.O. At one time, the campaign was scrutinized by the National Advertising Division of the Council of Better Business Bureaus and also was in danger of facing a legal challenge from Seagram.

The most recent ad said "Windsor Canadian beats V.O. . . .New taste tests prove it."#

Standardize ad rules, IUAA tells Europe

Direction urged for dbs

By LAUREL WENTZ

RIO DE JANEIRO—The International Union of Advertisers' Assn., which met this week here, is concerned that national direct broadcast satellite restrictions in Europe will hamper advertisers' use of dbs if countries refuse to standardize their rules.

The IUAA is pinning its hopes on a "green paper" distributed by the European Economic Community last week that calls for setting common standards for advertising beer and alcohol, for example.

So far, however, European governments have refused to harmonize their rules.

"The problem is the rules for advertising are not the same [throughout Europe]," said IUAA director Paul P. de Win.

"Whether advertising is accepted on Sundays or after or before 8 p.m.—it's all different," he said.

Hans Merkle, Procter & Gamble Co.'s West German-based manager for external relations, ticked off European restrictions on tv advertising that could undercut dbs:

- Some countries cluster commercials in a few long blocks rather than in small groups during natural breaks in programs.
- Restrictions on tv spots for "sensitive products" range from alcoholic beverages in France to pet food in Italy and sweets in the Netherlands.
- Tv spots are limited to specific parts of the day in Germany (before 8 p.m.), the Netherlands and France and banned on Sundays and some legal holidays in Germany, the Netherlands, Italy and Greece.
- Sponsorship on tv is allowed only in Italy and Luxembourg.

Rupert Murdoch's pan-European Sky Channel, transmitted to Western Europe, has been blacked out in West Germany on Sundays for the past month because the station carries advertising, prohibited in Germany on Sundays, Mr. Merkle said.

"This will go on for years," he said. "We'd be very happy if anything is in operation by 1990."

Kenneth Fraser, head of Unilever's worldwide marketing division, said: "If you're in the food business like us, what you can say [in different countries] about food and nutrition varies. . .We don't have that many brands that are international."#

Fair's marketing chief fired

By SHARON DONOVAN

NEW ORLEANS—Struggling with attendance that is half of what was expected, the 1984 World's Fair here has fired its marketing director and has put together a new promotional plan that includes hefty price promotions.

Jeffrey Stack, vp-marketing, was fired after refusing to resign. The former marketing vp for the Great America amusement park in Palo Alto, Cal. (formerly owned by Marriott Corp. but now owned by the city), said he is exploring legal options and refused to discuss the reasons for his dismissal.

Mr. Stack was responsible for all of the fair's marketing, including the $7 million ad campaign being handled by McDonald & Little, Atlanta.

Fair officials say they have instituted price discounts for season passes and late-night admission to make the fair a family attraction New Orleanians will adopt as their own.

Officials have said the fair needs 12 million visitors to break even on the six-month event. Recent daily attendance has been in the 30,000-to-35,000 range, half of what is needed. After two weeks, fair attendance was at 448,225.

The new season pass was reduced to $99 from $150; the daily pass for children has been reduced to $9.95 from $14.

"There are a lot of minority people in the community who can benefit from the price reduction," said fair president Peter Spurney. Complaints about the fair's prices from the business community, rather than low attendance figures, prompted the discounts, he said.#

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Smith & Wesson aims its Mace at the public

"Just in case" is the theme of Smith & Wesson ads for Mace.

By ALLEN M. WIDEM

SPRINGFIELD, MASS.—After 16 years of selling its chemical Mace aerosol tear gas only to law enforcement and security agencies, Smith & Wesson is expanding into the public sector.

Test-marketing begins in late June in Columbus, O.; Kansas City, Mo.; Nashville; New Orleans, and Phoenix. Some $500,000 will be spent in broadcast and print advertising to introduce the product via supermarkets, pharmacies, hardware stores and discount outlets.

The five test markets' ads will, at the outset, include 30-second spots on a total of 12 tv stations plus print, both b&w and color. McKinlay Advertising, Simsbury, Conn., is S&W's agency.

The weapons market is maturing, said Roland Dowd, manager-new-product development for S&W, a division of Bangor Punta Corp. The move to sell Mace to the public is a natural marketing expansion for S&W, reaching out for people who have previously bought similar crime-deterrent products, he said. Those products have been manufactured by

(Continued on Page 53)

Image of advertising

Over-all quality of advertising

How would you rate the over-all quality of the advertising you are presently reading, seeing or hearing? *Source: SRI Research Center, Lincoln, Neb.*

Rating	August per cent	November per cent	February per cent
Excellent	12	12	11
Good	48	51	48
Fair	28	26	30
Poor	9	8	8
Don't know	3	3	3
Mean score*	2.66	2.70	2.65

Television advertising quality

Thinking specifically about television advertising, how would you rate its over-all quality? *Source: SRI Research Center, Lincoln, Neb..*

Rating	November per cent	February per cent
Excellent	12	12
Good	45	43
Fair	27	30
Poor	12	12
Don't know	3	3
Mean score*	2.59	2.55

*Derived by assigning 4-excellent, 3-good, 2-fair, 1-poor

Ad quality good; believability low

CHICAGO—The public continues to rate the over-all quality of advertising as "good," but believability still is low among consumers, and they are becoming less satisfied with the accuracy of the advertising they see.

These are among the findings of the third nationwide study of the image of advertising conducted for ADVERTISING AGE by SRI Research Center, Lincoln, Neb. The studies were conducted among a national sample of more than 1,200 people in August and November, 1983, and in February of this year.

In the latest study, 11% of the public rated the over-all quality of advertising as excellent and 48% rated it as good. Another 30% rated advertising quality as fair, 8% rated it as poor and 3% didn't know. These figures have remained fairly stable in the three studies. On a scale of 1 to 4, the average across the three studies has gone from 2.66 to 2.70 to 2.65. That is on the low end of the "good" scale.

Among individual groups within the national sample, blacks rated the over-all quality of advertising significantly higher (2.86), while Hispanics rated it lower (2.25).

The over-all quality of tv advertising is rated lower (2.55) than the mean of 2.65 for all advertising.

When asked to compare advertising they are seeing now with advertising a year ago in terms of creativity, respondents gave creativity a mean score of 3.55—about halfway between "same" and "better."

This score was similar to two previous studies. Households with more than a $40,000 annual income rated creativity higher than did the other groups.

The public continues to rate the believability of advertising claims low. Using a 1-to-5 scale (from "totally believable" to "totally unbe-

(Continued on Page 54)

Travel industry wary of tourism slowdown

Waikiki ad wave rolls in

By JENNIFER PENDLETON

A newly formed promotional organization representing Hawaii's most popular travel destination, Waikiki Beach, will start an estimated $800,000 advertising campaign this summer and has named Starr Siegel McCombs, Honolulu, to direct it.

The Waikiki Beach Operators Assn., formed six months ago by Waikiki hotel operators and businesses to raise funds to finance an ad drive promoting the area, named SSM after a review in which four other Hawaiian agencies took part. They were: Fawcett McDermott Cavanagh Brinck; Milici/Valenti; Ogilvy & Mather, and Peck Sims Mueller.

WBOA president Gordon Hentschel, claiming that hotel occupancy rates are now healthy, denied that the group was founded to counteract a tourism slowdown in Waikiki. But other Hawaiian travel industry sources said Waikiki's hotel and restaurant operators privately are concerned over the growing numbers of tourists who are choosing other Hawaiian destinations.

Mr. Hentschel said other local promotional programs, such as the Maui County Visitors Assn., are models for WBOA.

Mr. Hentschel believes ads will start in July. They will run throughout the mainland U.S. and in Canada.

According to a representative of the Hawaii Visitors Bureau, Hawaiian tourism is rebounding nicely from a recessionary 1982 and a flat 1983. In the first two months of this year, tourist traffic increased 15%, compared with the same period a year earlier.#

NCTA braces for convention

By SUSAN SPILLMAN

A variety of pressing issues will be addressed when more than 15,000 cable tv executives gather at the Las Vegas Convention Center June 3 to 6 for the 33rd annual National Cable Television Assn. convention.

In panel sessions and in corridors throughout the four-day event, cable operators and programers will ponder such issues as pay tv's softening sales, the pending cable deregulation legislation before the House of Representatives (H.R. 4103), combating theft of service and new competition from videocassettes.

According to NCTA spokesman Ed Dooley, the cable tv industry is "entering a new phase in which costly construction is winding down and we're turning more to serve the consumers."

While this decrease in building will help the cash flow of cable companies, many of which already have borrowed to the limit, it also means these companies will have to better market their services in older systems to maintain growth.

Partly because of a lack of new systems launching, the sale of pay tv units slid dramatically during the first quarter of this year. However, basic cable continues to grow, said Mr. Dooley.

The NCTA reports that basic cable now penetrates about 43% of all tv households and is expected to increase by the end of next year.

Even with cable tv expected to be in one out of two homes, operators still are looking hard for more incremental dollars.

One way they could keep up is to raise the price of basic cable service through H.R. 4103. If passed, the law

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Racing link keeps Grey staff in gear

By STEWART ALTER

Grey Advertising, New York, has formed a new unit, Grey Advertising Performance Group, designed to keep key account staff more informed about auto racing.

From Grey's point of view, racing is a sport to watch because it is on an upsurge.

"We're hitting a period where racing is becoming more popular, where the networks are giving it more time and where more people are attending races," said Bill Lucas, vp-management supervisor on the STP Corp. account at Grey.

Executives on the STP, AMC/Renault, B.F. Goodrich, Timex Corp., Canon USA and Holly Farms accounts at Grey met for the first time at a luncheon recently where they heard a presentation by STP-sponsored driver Richard Petty.

Mr. Petty noted that auto racing is a sport that depends on sponsorship and, in turn, provides promotional opportunities. "No other sport permits such commercial identification of company and product," he said.

STP's racing involvement has been quite heavy. Now other Grey clients also have been emphasizing this area. AMC/Renault has become increasingly involved in U.S. auto racing. And Renault intends to do "more and more" tie-ins with racing and to run more related advertising, said Grey exec vp Lou Maloof. B.F. Goodrich for the first time late last year began racing a car it built. At the same time, it introduced a new ad theme line, "We make cars perform."#

at presstime

Chiat/Day makes drive for Porsche account

LOS ANGELES—Chiat/Day here is among the agencies expected to make presentations this month for the $10 million Porsche Cars North America account. In addition, Pinne, Garvin, Herbers & Hock, San Francisco, will meet with the company next week to discuss handling the account. That agency has handled projects for Porsche since January.

Coleco begins new push for Adam computers

HARTFORD, CONN.—Coleco Industries begins a new ad push June 1 for its Adam Family Computer System. The effort will consist of page inserts in the *Boston Globe, Hartford Courant, New York Daily News, New York Times* and *Philadelphia Inquirer*. The ad also will run in the *Chicago Tribune* June 4 during the Consumer Electronics Show. A radio spot is scheduled to follow in New York, Boston and Philadelphia. The effort, part of Coleco's $10 million 1984 ad spending, is the first by Ketchum Advertising,/New York, which won the creative assignment earlier this

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Baby-boom generation productive

WASHINGTON—The U.S. Census Bureau estimates that there were 17.8 million children 5 years old or younger on July 1, 1983, an indication that the baby-boom generation has reversed the declining fertility rate.

The 1.5 million increase since the April, 1980, census was a 9% gain, and brings the 5-and-under population to a 15-year high.

Total U.S. population was estimated at 234,496,000, up 7.4 million.

As the baby boomers moved through the life cycle, the 25-to-34 age segment, with 40.3 million, had an 8.3% gain; the 35-to-44 segment, with 29.5 million, was up 14.8%.

Seniors—those over 75—numbered 11 million, up 10.5%.#

Networks stake survival on ad revenues

By Jack Myers

It appears that advertising-supported cable tv has evolved into two distinct media, one adhering to broadcast-like qualities and the other fulfilling cable's original promise of appealing to diverse, highly segmented audiences. Senior agency and client executives confirm that ad-supported cable suffers from an identity crisis that threatens to destroy its long-term growth potential.

Almost all of the 18 major ad-supported cable programing services are suffering losses. Only Turner Broadcasting System, which owns superstation WTBS, Cable News Network and CNN Headline News, and CBN Cable Network are profitable; Entertainment & Sports Programming Network and MTV: Music Television promise black ink by year's end, and Financial News Network and USA Cable Network say profits are imminent.

Jack Myers is president of the InfoMarketing Group, which has performed in-depth studies of the cable market for several cable organizations.

Dennis Liebowitz, vp-media analyst, Donaldson, Lufkin & Jenrette, New York, says he believes that this is a transition year for cable networks. "More networks will soon cross the line into profitability. In 1985, we'll see profits growing, and by 1986, the industry will be profitable," he says.

While no one seems willing to predict that all existing cable networks will survive, many say they believe the worst is over. Fred Brandt, vp-media research director, Ted Bates Advertising/New York, sums up the industry attitude: "There were too many entries. Any time you have sensible, financially sound consolidation, it is beneficial."

Jay James, senior vp-video technology/programing, Doyle Dane Bernbach, New York, adds: "Networks will still have to struggle and tighten their belts. There may be more consolidations or failures, but we may also have new network introductions in a few years."

Cable executives say ad-supported cable network viewing equals more than 11% of broadcast network viewing, but cable generates only 5% of broadcast's ad revenues. Gerald Hogan, vp-sales, TBS, Atlanta, says, "In the day-to-day sales process, there is a real problem in the amount of money going to cable and our revenue increases *vis-a-vis* viewing increases." Cable's future as an ad medium will hinge on its ability to reverse this disparity.

> **"Money required for franchise building will be redeployed into programing . . . and advertising sales."**
>
> —*Arnie Semsky*

Despite cable's identity crisis and skewed revenue/viewership ratio, most executives agree that it will continue to grow. Cable "will take its place alongside other major media," Robert Daubenspeck, senior vp-national broadcast director, Foote, Cone & Belding, New York, says.

Also most cities now either are cabled or are being cabled, says Arnie Semsky, executive vp, director-media and programing services, BBDO, New York. "Money required for franchise building will be redeployed into programing, consumer marketing and advertising sales. We'll go from a hardware to a marketing-driven business. We're in that transition period now."

DDB's Mr. James says there will be greater penetration and channel capacity in the future. He projects ad revenues will leap for some cable networks, followed by growth and profitability on a network-by-network basis. Peter Spengler, vp-advertising services, Bristol-Myers, New York, agrees that "cable's brighter days are ahead. The marketing choices that cable makes available will have more meaning in the future."

But now, cable is concentrating on maturing and evolving into a business. Ronald Kaatz, senior vp, director-media resources at J. Walter Thompson USA, Chicago, says, "Cable is not a business of extremes; it's a business and it's being treated that way."

Its growth as an ad medium depends on the continued growth of gross viewing audiences, led by mass appeal networks such as superstation WTBS, CBN and USA Cable. Both general-interest cable networks and segmented networks can find a place in the market, Mr. Semsky says. "We need to support cable and give it a chance to mature and evolve at its own pace."

Agency and client executives say cable should concentrate on original programing, demographic and geographic audience segmentation and creative ad opportunities. These executives challenge the cable industry to recognize, support and sell these

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forth, but we have never fully communicated why all of this might *matter* to an individual. Over time, the resister just quit listening. Our job is to get those potential subscribers to start listening again.

Last year, as we began to define the objectives of the Council for Cable Information's industrywide marketing campaign, we identified two critical factors: The need to establish a more aggressive identity and the need to adopt a new benefit-oriented sales strategy. We concluded that both needs could be met with messages that emphasized the consumer's positive *experience* with the product.

Some marketers contend that cable is primarily a local business and cannot take advantage of a national campaign that is based on user experience. However, people subscribe because cable offers more choice and convenience than standard tv. Every cable system can deliver that simple promise.

As we shift cable's identity from one of "more tv" to one of "selectivity, diversity and choice," we will build the foundation for new marketing approaches that will define specific benefits for specific groups.

A long-term, industrywide campaign should open up a new market for cable by cultivating more positive attitudes toward cable among nonsubscribers. Although the investment needed to open up this new market will not be as large as the one that brought cable into America's urban centers, it nevertheless will require a considerable commitment from all sectors of the cable industry.

Fortunately, the rewards of such a commitment promise to be substantial. Just a 10% increase in penetration of homes passed—not an unreasonable result for a sustained image-building campaign—could double the operating profits of many cable operators.

In less than a decade, our industry has provided the nation with an exciting new entertainment and information medium. Don't we owe it to our investors, our customers and potential customers and, perhaps more importantly, to ourselves to do the best possible job of telling the story of what we've created?

Many people, I expect, are waiting to hear from us.

Addressing the issues

Inevitably, an unprecedented collective marketing effort such as the Council for Cable Information's industrywide campaign raises certain questions. Those questions deserve answers.

- Will a user-benefit campaign really produce a measurable shift in attitudes?

It will if it's good, if it touches upon the right emotions and if we are patient. Ultimately, you have to believe in the power of advertising to affect consumer perceptions of a product. We do.

Our industry has never attempted anything like this, so our first approaches may need to be refined. The anticipated shifts will not occur overnight.

- Will the CCI campaign produce the returns that more direct sale-oriented campaigns typically yield?

I believe it will because it communicates with an audience that has been "left behind" by previous marketing efforts. We know, for instance, that while over-all awareness of cable is high, in certain heavily marketed communities, nonsubscribers' recall of cable advertising is low or nonexistent. They're simply not hearing us, and that's our fault.

- Does the CCI campaign make any sense given the various operational difficulties facing the industry?

We know that many nonsubscribers reject cable because of reported service problems. Obviously, progress in operations and marketing must go hand in hand. After all, increased receptivity to our sales message won't do us any good if we don't answer our phones, honor our installation appointments and keep our billing records straight.

But the cable industry *is* making progress in servicing our customers. Last year, independent studies by Opinion Research Corp., Benton & Bowles and International Communications Research reported about 90% of cable subscribers are "satisfied" to "very satisfied" with their cable service.

As recent growth moderates and companies invest more revenue in training employes and updating equipment, solutions to our service difficulties will become even more evident. We need to ensure that interested consumers are still out there once the solutions are in place.

—*K.H.C.*